

Empowerment Zones: Round III

Congress has authorized Round III for Empowerment Zones.

- Who will be eligible for designation in Round III?
- What can rural communities do now to position themselves to be competitive for a designation?
- How can communities make sure they benefit from Round III preparations even if they do not eventually secure a designation?

This note provides advice about actions communities can take for Round III designation.

Background

Legislation has been enacted authorizing two new rural Empowerment Zones. The legislation authorizing the new Empowerment Zones is contained in the Community Renewal Tax Relief Act of 2000 (H.R. 5662). The legislation mandates that the new zones be designated no later than January 1, 2002, and that their designations last until December 31, 2009. The eligibility and selection criteria for the Round III Empowerment Zones are the same as the criteria that applied to the Round II Empowerment Zones. There are some actions that communities can take now to position themselves for the forthcoming competition. At the same time, these actions can help communities enhance development, even if they should fail to secure a Round III designation.

Who Is Eligible?

Population: The population of the nominated area may not exceed 30,000.

Area: Not more than 1,000 square miles.

Boundary: May be continuous or consist of not more than three noncontiguous parcels. Where a rural area straddles more than one state (it may not, in any event, straddle more than three states), the boundary must be continuous.

Poverty Rate: (1) Not less than a 20 percent poverty rate in each census tract; and (2) At least 90 percent of all census tracts each have a poverty rate of not less than 25 percent.

The Secretary of Agriculture may disregard the poverty rate test for not more than one Round III rural Empowerment Zone and instead apply an emigration test as contained in the applicable regulations.

A Round III Empowerment Zone may include an area on an Indian reservation.

For complete eligibility criteria for Round III go to: <http://www.ezec.gov/round3/eligible.htm>.

Five Tips for Successful Community Development

Empowerment Zone designations are based on the extent to which community strategic plans reflect empowerment principles and low-income citizens participate in the planning process. Enterprise Communities, Champion Communities and other communities can prepare to apply for Round III by starting now to enhance their community development plans and processes.

Revitalize Your Comprehensive Strategic Plan

A strategic plan is the heart of a community's development process and its EZ application. All communities need plans that set out a road map for development. Plans should be comprehensive (include all aspects of the community--economic, social, environmental, etc.) for the long term and they should also show how actions taken in

early years will serve as stair steps to further development in the future.

If you have a comprehensive, long-term plan but conditions have changed or you are not using it, update it. If you don't have a plan, create one. If you are not sure your plan is as good as it can be, ask for expert reviews. If you have a good plan and are using it, keep going!

Get Your Citizens Involved

Grassroots citizen participation is key to empowerment. The Empowerment Program does more than create economic and social development; it helps citizens learn how to take charge of their own futures. To reach this goal, citizens must be involved actively in planning and implementing the empowerment plan.

Involve citizens actively in committee work. Tap local citizens for key implementation roles. Inform the public regularly about progress. Seek out citizen evaluations and input about changes to the plan.

Create Realistic Budgets

Plans must be grounded in financial reality or they will be no more than pipe dreams. Make your plan more achievable by building a realistic budget for implementation.

Get cost estimates for proposed projects. Identify alternative, non-traditional ways to fund projects. Look for low-cost ways to achieve objectives, such as "sweat equity" approaches. Look to local resources as well as outside fund sources. Seek solid commitments from participating organizations.

Until Round III funding is established, it would be a good idea to create budget scenarios for several funding levels. In Round II, Congress created Enterprise Communities with lower funding only after the application deadline and could do so again for Round III. And if you are not successful in Round III, Champion Community status may be a desirable option.

Build Benchmarks to Make Your Plan a Reality

Good project management demands that you be clear about your goals and know to what extent you have achieved them. Setting benchmarks is a good way to measure your progress and identify opportunities for improvement. Not only will benchmarks help your community be more efficient, but they can also help convince potential funders that your community will use their scarce dollars wisely. Here are some tips for effective benchmarking:

- Build-in some immediate "wins" and regular successes to keep community spirits high. Set realistic baselines and identify data sources.

- Link benchmarks to your budget.
- Look at the benchmarks of Empowerment Communities for models at <http://ocdx.usda.gov>. User ID is **traincom** and password is **trn0713**.

Choose a Governance Structure That Works for You

Successful implementation of your community's plan will depend on a coalition of local organizations working in close partnership to pool your community's financial and other assets.

Decide what kind of organization will work best in your area. Choose one organization (perhaps even create a new one) as the "lead entity" to implement the plan. Build the capacity of this organization to carry out the plan. Make sure low-income citizens have opportunities to participate. If it is a new organization, secure non-profit 501(c)(3) status. Partner with existing regional organizations that can offer experience and skills.

For Assistance

- Contact the USDA Rural Development state office in your state. Consult the phone book under U.S. Government. Addresses are also on the Internet at <http://www.rurdev.usda.gov/recd-map.html>

For More Information

- *Rural Guidebook: Strategic Planning*, Department of Agriculture. Applying for 501(c)(3) Tax-Free Status. Technote #16 USDA Office of Community Development, April 1999.
- Benchmark Guide (available from the USDA Office of Community Development).
- The EZ/EC web site at <http://www.ezec.gov> has detailed information about the Empowerment Zone/Enterprise Community program.

Additional copies of this Technote are available from the Office of Community Development, U.S. Department of Agriculture, Rural Development, Room 266, 300 7th Street, S.W., Washington, DC 20024 (1-800-645-4712). Copies may also be obtained at

<http://www.rurdev.usda.gov/ocd>

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